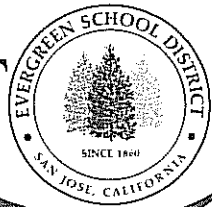


# EVERGREEN SCHOOL DISTRICT



May 14, 2007

Laurel Prevetti, Deputy Director of Planning Services  
Planning Services Division  
City of San Jose  
200 East Santa Clara Street  
San Jose, CA 95113

RE: Response to Developer Proposed Funding Agreement, Evergreen-East Hills Vision Strategy, Revised Plan as of May 11, 2007

Dear Ms Prevetti,

We have reviewed the current Funding Agreement along with the City Council's directive from the meeting on April 30, 2007. We find that we disagree with the following items and/or are missing from the agreement.

1. The District does not have a written agreement with the Developers and the City.
2. On page 4 of the memorandum from Joseph Horwedel dated May 4, 2007, from the table, the land dedication on the Arcadia site is for a School/Community Center. The five acre site should be designated for a school only. It will take seven acres to build a small school. The additional two acres will come from a joint-use agreement with the City.
3. On page 17 of the Funding Agreement, section 3.01B, the property owners may make a direct contribution to the school district. The word "may" should be changed to "will".
4. On page 20 of the Funding Agreement, section 4.03, the property on the Arcadia site is designated to the City for the community center, not a school. The property needs to be dedicated to the District so the District can apply for State matching funds.
5. On page 20 of the Funding Agreement, section 4.04, same issue as item #4 above.
6. On page 21 of the Funding Agreement, section 4.06B, the district does not agree to buy the land from Berg for \$18,750,000. And, we do not agree on the date of 5/30/09.



District Administration Office  
3188 Quimby Road  
San Jose, California 95148  
Phone: (408) 270-6800  
Fax: (408) 274-3894

Superintendent: Clif Black  
Governing Board: Sylvia Alvarez  
Vince Songcayawon  
Jeff Fischer  
Carolyn Clark  
Merrilee Claverie

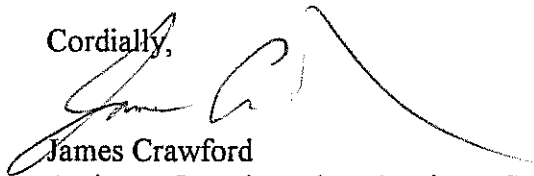
7. On page 21 of the Funding Agreement, section 4.06C, same issue as item #4 above.
8. On page 21 of the Funding Agreement, section 4.06, we do not agree to the additional fee of \$0.75 above the SB60 rate or \$2.50. This is a drop of \$0.30 per square foot.
9. The District is not a signer to the Funding Agreement.

The District's plan for the two new schools was developed by input from the Developers and consists of the following items;

1. Land on the Industrial site of 12 acres for a school. The District will apply for State matching funds and the Developers will dedicate the balance.
2. Land on the Arcadia site of 5 acres plus 2 acres with joint-use. If no joint-use, the district will need 7 acres. The District will apply for State matching funds and the Developers will dedicate the balance.
3. Developer Fees of \$2.80 per square foot of residential with an annual inflation index.
4. The District will contribute \$15.7 million from our recent bond program.
5. The District will apply for State matching funds on all of the buildings.
6. The District remains \$40.3 million short on funding for the schools. The gap amount has increased based on the changes to land and units for the project, a reduction to the developer fee rate and an increased cost for the land.

Please have copies of this letter sent to the City Council. If you wish to discuss any of these items, I can be reached at (408) 270-6847.

Cordially,



James Crawford  
Assistant Superintendent, Business Services  
Evergreen School District

# Evergreen School District

## Two New Schools

### Cost of Land and Buildings

#### Industrial Site (K-6)

Land (12 acres)	\$31,600,000
Building	\$48,800,000

Building cost is adjusted for inflation

On 5/11/07 and additional charge of \$5,900,000 was added for the land.

**Middle School Wing (7-8)**      \$6,300,000

#### Arcadia Site (K-6)

Land (5 Acres)	\$7,500,000
Building	\$36,000,000

It will take 7 acres to build a small school.

An additional 2 acres will be needed through a joint use agreement or additional contributions.

Total      \$130,200,000

### Sources of Funds

#### State Bond

Land	
Industrial(50%)	\$12,850,000
Arcadia(50%)	\$3,750,000
Building	
Industrial	\$11,300,000
Middle School	\$2,000,000
Arcadia	\$10,800,000

#### Developers

Land	
Industrial(50%)	\$12,850,000
Arcadia(50%)	\$3,750,000

**Developer Fees**      \$16,900,000

Developer Fee rate dropped to \$2.50, from \$2.80

**District Bond**      \$15,700,000

**GAP**      \$40,300,000

Total      \$130,200,000

Projections revised with the May 11 Funding Agreement.